

Education and Workforce Development Cabinet

Kentucky's jobless rate remains at 8.2 percent in June 2012

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Editor's Note: Preliminary June and revised May labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate in June 2012 held at 8.2 percent for the second straight month, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary June 2012 jobless rate was 1.4 percentage points below the 9.6 percent rate recorded for the state in June 2011.

The U.S. seasonally adjusted jobless rate also remained at 8.2 percent from May 2012 to June 2012, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working.

In June 2012, Kentucky's civilian labor force was 2,068,524, an increase of 2,622 individuals compared to the previous month.

"We continue to be on a growth path," said economist Manoj Shanker of the OET. "We have added more than 4,000 jobs for two months in a row. Job growth continues to outstrip the number of people entering the job market, helping to keep down the unemployment rate."

Kentucky's seasonally adjusted nonfarm employment grew slowly with the addition of 700 jobs in June 2012 from the month before, but posted a robust gain of 37,700 positions or 2.1 percent since June 2011. Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, six of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while four declined and one remained unchanged.

Kentucky's professional and business services sector expanded by 1,600 positions in June 2012. This category includes establishments engaged in services that support the day-to-day

activities of other organizations, including temporary employment services. Since last June, jobs in the sector have increased by 22,500 or more than 12 percent.

“The professional and business services sector has shown strong growth over the past year and is expected to continue to expand. Businesses, especially manufacturing industries, are reluctant to add new workers on their payroll until the economic recovery strengthens. As a result, they tend to farm out technical and managerial services to other companies and hire workers through temporary employment services. This allows them to gauge employees before hiring them on their own payroll,” Shanker said.

The government sector, which includes public education, public administration agencies and state-owned hospitals, grew by 900 jobs in June 2012. The sector had 2,600 fewer jobs compared to June 2011.

Kentucky’s manufacturing sector added 800 jobs in June 2012 compared to the previous month. Since June 2011, employment in manufacturing has increased by 8,900 jobs or more than 4 percent.

“Automobile sales continue to be a bright spot in the economy and have ratcheted up employment in the durable goods industries, especially machinery and motor vehicle manufacturing,” said Shanker.

The trade, transportation and utilities sector increased by 500 jobs in June 2012. This is the largest sector in Kentucky with 366,900 positions, and accounts for about 20 percent of nonfarm employment. Since June 2011, jobs in this sector have increased by 2,000.

“The recent gains have been in transportation and warehousing in response to the uptick in the economy and an increase in drop shipping to satisfy pent-up consumer demand,” said Shanker.

The financial activities sector rose by 500 jobs in June 2012. However, when compared to June a year ago businesses involved in finance, insurance, real estate and property leasing lost 700 jobs.

Employment in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, went up by 300 positions in June 2012. Since last June, the sector has added 400 jobs.

Employment in the mining and logging sector remained the same from May 2012 to June 2012. The number of jobs in this sector has dropped by 900 from June 2011.

“The shift from coal to low-cost natural gas by power plants has substantially lowered the demand for coal and dampened employment in Kentucky’s mining sector,” said Shanker.

The information sector lost 300 jobs in June 2012. This segment has added 200 positions since June 2011. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Employment in the educational and health services sector declined by 300 jobs in June 2012. The sector has posted a gain of 4,000 jobs since June 2011.

Construction jobs fell by 1,500 in June 2012 from a month ago. Since June 2011, employment in construction has fallen by 3,200 positions or nearly 5 percent.

“The unseasonably mild winter this year has changed the normal cycle associated with construction. The typical winter pullback in jobs did not occur this year and this may have thrown off the statistical factors used in calculating employment in construction,” said Shanker.

Kentucky’s leisure and hospitality sector lost 1,800 jobs in June 2012. Since June 2011, the sector has grown by 7,100 positions or more than 4 percent. This sector includes arts, entertainment, recreation, accommodation and food services.

“Accommodation and food services accounted for all of the decrease in the leisure and hospitality sector from May 2012 to June 2012,” Shanker said.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.